TO THE ROYAL COMMISSION ON THE ECONOMIC UNION
AND DEVELOPMENT PROSPECTS FOR CANADA

A Submission

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Introduction

The Association of Universities and Colleges of Canada welcomes the opportunity to present its views to the Royal Commission on the Economic Union and Development Prospects for Canada. The mandate which has been assigned to the Royal Commission is of great importance to Canada and to all Canadians. In a rapidly changing and increasingly interdependent world, every country needs a periodic reassessment of its economic performance to produce a blueprint identifying the goals to be achieved over the next ten to twenty-five years.

The AUCC represents seventy degree-granting institutions located across Canada. Its membership ranges from large, internationally renowned teaching and research institutions to small undergraduate liberal arts colleges. While their size and scope of activities may vary, all AUCC member institutions contribute in important and significant ways to the social, cultural and economic prosperity of their immediate community, their province and their nation.

As universities entered the 1960s, demographic projections indicated that many more Canadians would be demanding admission. This pressure, coupled with growing public endorsement of the value of significant investment in higher education, led to an unprecedented expansion of the university system. During the following twenty-five years, the number of degree-granting institutions doubled, the number of faculty members grew by a factor of five, and student enrolment increased eightfold. The universities responded positively to the challenges of the '60s and '70s, principally by providing more programs to accommodate the increased enrolment. Today's challenge is to satisfy demands for an altered mix of degree programs and to provide for a major expansion in the quality and quantity of the research effort.

Student demand for university entry has continued to grow despite the levelling off of the total 18-24 age group which now supplies between 75% and 80% of the university student population. While it is projected that this age group will decline over the next ten years, this does not mean that there will be a corresponding drop in university enrolments. The postsecondary participation rate from this age-group has increased to exceed 22% and could continue to increase in the future.

Over the short term, more stable enrolment levels should allow the university system to consolidate its strengths as it plans for new and changing demands especially in research. In the past, the universities met the challenge of rapid enrolment growth and, in the process, developed the components of a mature university system. Now the emphasis must be placed on the preservation and enhancement of the quality of their teaching and research activities.

Knowledge will continue to be the economic driving force of developed countries in the years ahead. Rapid technological developments in the use of data and information, however, will greatly facilitate the acquisition

and diffusion of new knowledge. The universities have been, and will continue to be, the institutions most distinctly concerned with the quest for knowledge, with the assimilation and transmission of new knowledge, and with the search for wisdom in order to use that knowledge and its associated technological developments for human betterment. Canada's progress in the development of a mature mixed economy, from a resource based to a manufacturing based and ultimately to a service and knowledge based society, will bring the universities' role into even greater prominence.

The role of the university

The university is the corporate realization of man's will to know and to understand. The creation and transmission of knowledge and skills across a broad spectrum of disciplines and professions constitute what may be called the core undertaking of universities. The university provides the best environment to develop fully the students' analytical thinking processes. By promoting the study, analysis and critique of perceived truths, social mores and scientific developments, the university contributes to the intellectual development of its students to the benefit of both the individual and society. By exploring the frontiers of knowledge, the university generates new knowledge and provides the nation with the ability to assimilate breakthroughs generated in other parts of the world. By acting as a critic of society and of the political process, the university ensures the protection of individual rights and freedoms. To fulfill these principal mandates, the university must be assured of institutional autonomy and academic freedom, the freedom to teach, to conduct research and to express the results of that research without interference from outside bodies.

Canada's most precious asset is its human resource. To play its proper role in the community of nations and to meet the promise which the future so clearly holds, Canada needs a citizenry with a keen sense of moral values and social justice and with a thirst for knowledge and learning. It is the university's mission to develop to the maximum the nation's human potential.

Education and training

In helping to meet the highly qualified manpower requirements of the nation, universities must respond to the short run and intermediate needs by providing graduates with specific knowledge and skills in specific disciplines, as well as individuals with a broad, general education for less specialized occupations. In the long-term, universities are the centres from which will emanate the people with the well-trained analytical minds, the leadership skills and innovative capabilities that will enable Canada to develop and prosper, not only in the latter years of this century but well into the 21st century.

The universities will continue to develop the intellectual competence of their students so as to enable them to respond to a variety of changing demands. There can be no argument over the need to provide students with skills and knowledge which are marketable. At the same time, it must be recognized that many of the most highly specialized professionals have acquired their first degrees in the humanities or the social or pure sciences. Moreover, this pattern is strongly preferred to one that involves narrowly focussed professional training immediately following high school graduation. The broad knowledge acquired in these basic disciplines will provide graduates with the necessary foundation and flexibility to enable them to pursue more specialized educational programs and to make the transition through the several different careers many of them can be expected to pursue during the course of their working lives.

The contributions of universities to professional upgrading and to the retraining of individuals whose skills have become obsolete or outdated will assume ever increasing importance. The effects of technology can only be speculated upon, but already fundamental changes are being felt in the marketplace as a result of technological advances. The role that the universities can play and will increasingly be called upon to play to meet the changing demands of society and of individuals is now a matter of paramount importance.

Manpower projections may serve as part of the broad background for the planning and development of Canadian universities. However, the current "art and science" of manpower forecasting is at best imprecise, and indeed it may never develop to the level required to permit the planning of the university system on the basis of projected manpower requirements. Planning, therefore, cannot be based solely on manpower projections.

A review of recent experience in Canada where reliance has been placed largely on the choices made by individuals suggests that the university system has been successful to an extraordinary degree in matching manpower supply with demand. It should not be forgotten that the challenges facing Canadians over the past five years, and the challenges which they will have to contend with during the next five to ten years, include a rapidly changing technological environment and labour market. The immense size of the post-war baby boom and the consequent flooding of the labour market with new workers in the latter part of the 1970s and early 1980s coupled with a sharply increased female participation rate could have presented an overwhelming challenge to any Western industrialized nation. Despite these demographic and social changes, the unemployment rate of university graduates as of September 1983 was 5.8 per cent, compared with an overall unemployment rate of 10.4 per cent. This outcome is in no small measure the result of the relative freedom of choice that students can exercise in selecting their course of study.

The AUCC recommends that the Royal Commission recognize that the planning of universities in Canada must continue to be largely the responsibility of universities. In this planning, they should take into account the current manpower forecasts.

Student mobility

Relative to the complexity of Canadian society, its level of social services, its wide range of resources and its present state of industrial development, Canada is a country with a small core of highly qualified manpower. The long-term development prospects for the nation demand that its intellectual resources be shared among the various regions of the country. As in the case of the constitutional issue about free and unhindered mobility of labour, perhaps of even greater importance with respect to highly qualified manpower is the need to ensure that barriers to the mobility of postsecondary students are eliminated.

A review of the student body in the Canadian universities shows that out-of-province registrations of Canadian students represent less than 10 per cent of the total enrolment. If Canada is to build a national identity and succeed in fostering an understanding and appreciation of the differences that exist within its boundaries, university students must be encouraged to undertake either undergraduate or graduate study in another province and especially in the second language.

The AUCC recommends that the Royal Commission look into ways whereby student mobility at the university level can be encouraged and supported, for example by the creation of a broad program of federally funded interprovincial bursaries and scholarships.

Research

The importance of research and development to the social and economic development of Canada is self-evident. Federal and provincial governments, the business community and organized labour are all agreed that research and development makes the single most important contribution to long-term growth. In spite of numerous studies, commissions and reports dealing with research, however, Canada still does not have a coherent research policy.

At the present time, Canada spends 1.4% of its GNP on research and development even though targets of 1.5% to 2.5% have been set by Liberal and Progressive Conservative governments, respectively. A number of provinces have research granting bodies to support research and development in narrowly defined areas. Business and industry must rely on research and development to acquire and maintain a competitive edge. Universities allocate a significant proportion of their effort and the time of their faculty to the research activity. Despite these interests and commitments, however, the research effort in this country remains fragmented and piecemeal. As a result, there likely are unexploited potential gains to further investment in research and development.

To support the overall research and development effort in Canada, the universities must continue to provide, through their various graduate programs, the necessary education and initial research training that must form the foundation of a successful research career in business, government or university. Most of the research in all fields of study, not only

in the social sciences and the humanities but also in the natural and life sciences, is carried out in the universities. The wide range of research conducted within a single institution creates the potential for an inter-disciplinary approach and breakthroughs which can have major social and economic impact. Research that falls between the basic and applied varieties now is being supported to a much greater extent than in the past as a result of the Strategic Grants Programs of the Natural Sciences and Engineering Research Council of Canada and the Social Sciences and Humanities Research Council of Canada. Many of the larger universities, and especially those with engineering faculties, now are carrying out contractual and applied research.

The supply of researchers must be constantly replenished to maintain present levels of activity, to say nothing of increasing and improving the store of research personnel to meet the ever growing demands of an increasingly complex society. The age distribution of Canadian faculty is such that retirements will occur at a rapid pace in the 1990s. Accordingly, if the universities are to continue to meet the demand for researchers outside the universities as well as ensuring trained people to fill the vacancies caused by retiring faculty members, planning and appropriate action are needed. The research fellowships being offered by NSERC and proposed by SSHRC are a partial solution to some of these problems. AUCC suggests that the issue is serious enough and complex enough to warrant a detailed study and analysis of the issue with the intent of recommending palliative measures.

AUCC recommends, in view of the seriousness of the potential shortfall of trained university researchers in the coming decades, that the Royal Commission set out specific corrective measures that the federal and provincial authorities might consider.

Canadian society has a tremendous stake in closer cooperation between university and industry. After years of relative isolation of these two communities, there is an increasing number of important cooperative ventures. Furthermore, senior corporate and university officials recently have established a Corporate-Higher Education Forum to forge a closer relationship between their two communities, to identify and to address some of each constituency's major problems and opportunities and, in the process, to meet some of the country's most pressing challenges. Over the medium and long term, the increased understanding and cooperation between university and industry augurs well for Canada and Canadians.

The role of universities in technology transfer will be greatly enhanced by the siting of industrial parks, industrial innovation centres, micro electronic technology centres and similar facilities associated with technology transfer on or close to university campuses. At this time it is difficult to predict the full economic impact of this development, but certainly it will warrant close scrutiny in the years ahead.

The AUCC urges the Royal Commission to recognize the necessity of developing a coherent national research policy. In particular, it recommends that the Royal Commission recognize that:

1. *the training and early formative experience of almost all researchers take place in the universities;*

2. *universities must remain focal points for much of the basic research;*

3. *support for basic research must not be allowed to fall below an acceptable level;*

4. *the balance between basic and applied research must be continually monitored.*

Social equity and accessibility

The expansion of universities during the last quarter-century had its roots in two widely held beliefs. The first is that higher education helps to promote social equity by acting as a vehicle for social mobility. The second is that higher education assists in promoting economic growth and social development. Individuals demanded higher education as a means of bettering themselves and governments acceded to these demands because of a belief in economic growth and equity.

Universities have responded to these challenges by educating an ever increasing number of students, by providing the nation with highly qualified manpower, by contributing to the world of knowledge, by conducting pure and applied research and by providing a variety of community services. The objectives of social equity, economic growth and social development have been met only in part.

Much remains to be accomplished if members of all socio-economic strata in our society are to enjoy equal opportunity of access to higher education. Despite the federal and provincial programs of loans and grants for needy students, members of the lower socio-economic groups are still under-represented in universities. Recent reports indicate that economic considerations are only one of many factors influencing a student's decision to undertake work at the postsecondary level. The home environment, place of residence, ethnic group membership and gender all are significant factors which affect a person's likelihood of attending university.

The notion of accessibility to university studies is an issue of increasing importance in Canada. It has been the position of governments at both the federal and provincial levels that students who met the admission requirements as set by the universities are entitled to pursue their studies at the university level, although not necessarily in the program of study or the institution of their choice. Most Canadians now consider that access to university should be assured to all individuals

with the intellectual capabilities of pursuing studies at that level. Yet, as the human, physical and financial resources of the universities are stretched beyond reasonable limits, more and more universities are forced to turn away qualified applicants. The Association of Universities and Colleges of Canada holds the firm view that university education must continue to be accessible to all qualified Canadians and that universities must be funded at a level that will enable them to meet this objective.

Foreign students

The problems that face foreign students in attempting to pursue their studies at the university level in Canada must be addressed. Six out of the ten provinces have imposed differential fees for foreign students. These fees range from a few hundred dollars to ten times the fees charged to Canadians.

Education, the development of skills, the transmission of knowledge and the advancement of research are fundamentally international in scope. Canada's system of education cannot help but benefit from continuing contacts with the international intellectual community. The potential contacts that foreign students represent and the maintenance of sufficiently high standards so as to attract them to Canada are important factors in the life of the university community. Clearly, Canada has both a responsibility and a vested interest in offering opportunities at the university level to foreign students.

The AUCC recommends that the Royal Commission recognize the importance of attracting foreign students into Canadian universities and urge the two levels of government to ensure that foreign student participation is both fostered and facilitated.

Federal-provincial fiscal arrangements

The Association recognizes that the mandate assigned to the Royal Commission dictates that it assess the long-term economic potential of the country. Accordingly, in this brief, an attempt has been made to avoid excessive emphasis on the immediate problems facing the universities. For them to remain viable institutions, however, and at the same time be able to meet the needs of society twenty-five years from now. there are present difficulties to be overcome.

No problem facing the universities is more serious and threatening than the underfunding of the system over the past decade. Its extent and the dire effects are well documented and need not be listed here. Suffice it to say that unless this trend is soon reversed and the universities provided with assurances of adequate levels of long-term funding, real and irreparable harm will be done to every one of these institutions and Canadian society will be the real loser. This outcome must not be allowed to materialize simply because the federal and provincial governments cannot agree upon their appropriate roles in the funding of universities.

AUCC recommends that the Royal Commission impress upon both the federal and provincial governments the need to provide an adequate and long-term level of funding for the universities.

The universities have recognized the constitutional primacy of the provinces in all matters of education. At the same time, they have emphasized the extremely important continuing role of the federal authority in support of the core funding of universities. On behalf of the Government of Canada, the Department of the Secretary of State has stated clearly that the federal government must maintain a major role in post-secondary education because educational programs are necessary tools for the achievement of specific national objectives in such areas as general economic growth, manpower training, accessibility, mobility, research and technological advancement, official languages and Canadian studies. Complementary involvement by both levels of government in the support of universities is critical to improving the health of our universities.

Federal fiscal transfers to the provinces under the Established Programs Financing (EPF) Arrangements provide the essential underpinnings for the support of universities. The EPF arrangements provide for the transfer of funds from Ottawa to the provinces, nominally in support of various programs, including postsecondary education. It is becoming increasingly apparent, however, that the funds that the federal government had intended for postsecondary education are not always being spent in that sector.

AUCC recommends that the Royal Commission urge the federal government to amend the Established Programs Financing Arrangements to ensure that the federal funds transferred to the provinces in support of postsecondary education are spent in that sector.

A sound and healthy university system is essential if Canada is to meet the social and economic promises that the future so clearly holds. Universities have a vital role to play in Canada's economic recovery and in the long term development of the nation. It is of the utmost importance that the country's future be enhanced by government policies that will ensure that the universities are funded at a level that will enable them to fulfill their many and varied mandates.